



STATEMENT FOR THE RECORD BY RODRIGO MASSES
PRESIDENT OF THE PUERTO RICO MANUFACTURERS ASSOCIATION
before the

Ways & Means Committee of the U.S. House of Representatives

HEARING TO EXAMINE: *OUR NATION'S CRUMBLING INFRASTRUCTURE*
AND THE NEED FOR IMMEDIATE ACTION

Chairman Neal, Ranking Member Brady and Committee Members:

Thank you for the opportunity to share our statement and especially for your interest in the 3.4 million U.S. Citizens residing in Puerto Rico, a US jurisdiction larger in population than twenty States, as it pertains to the status of our Territory; the Commonwealth of Puerto Rico.

I serve as the elected Chairman of the Puerto Rico Manufacturers Association ("PRMA"). PRMA is the primary voice of the private sector and especially, Puerto Rico's manufacturing. Our Members are the principal business sector driving the island's economy for the last 50 years. Our members generate approximately 250,000 American middle class jobs on the Island, produce close to 50% of Puerto Rico's GDP, and has been the island's primary wellspring of tax revenue for decades.

The focus of this hearing on infrastructure and the questions to be asked are not only vital for restoring the quality of life for those living in Puerto Rico but a priority task required to revitalize our economy and reverse our island's rapid loss of population to other locations in the United States. PRMA has been leading efforts focused on the need for meaningful, long term economic growth, necessary to improve the wellbeing of our people but also to stem the migration to the mainland.

Manufacturing and its economic ecosystem are the primary engine creating middle class jobs on our island. Its health and growth is critical for two critical long term challenges facing Puerto Rico: creating employment opportunities and the need for tax revenue to address the needs of the local government. Without growth, we will continue to see a brain drain as our young people continue to leave, the middle class shrinks and the government struggles to provides services and maintain infrastructure

For example, PRMA has led efforts to focus on the need for transparency to protect the interests of taxpayers during recovery efforts from Hurricane Maria as well as the transition underway for the Puerto Rico Electric Power Authority (PREPA). PRMA also focuses on the need for low-cost, reliable electric power to serve our economy, as well as fostering Federal and local tax policies



designed to stimulate economic growth and investment. Without growth, Puerto Rico will never successfully meet its challenges.

Although there has been a significant short term stimulus to the economy from the inflow of federal funds, particularly from FEMA, these funds have a limited time frame and their impact is temporary. Obviously, they have had an important impact on reconstructing the Island's infrastructure, although much remains to be done. In fact, when analyzing economic indicators it becomes clear that as the flow of these funds slowed in the last quarter of 2018, the economy showed signs of weakening.

We cannot lose sight of two key factors: One being that prior to the hurricane the economy had been in free fall for over a decade and that reconstruction was needed, not just from the hurricane, but from a long and deep economic contraction. The other factor is that the impact of federal funds has done little to stimulate the productive capacity of the Island. In short, in order for Puerto Rico to recover a sustained growth path much more needs to be done than is currently underway. Puerto Rico needs an agreed upon, long term economic growth strategy and upgraded infrastructure can play a critical role in its success

.PRMA is also well aware that federal reconstruction funds are temporary and that longer term considerations must be part of any assistance package that must include significant incentives for productive activities like manufacturing so that the Island can enjoy sustainable mid and long term development.

We note that Puerto Rico has successfully experimented with the development of improved highways by enlisting the private sector through the use of Public Private Partnerships (PPP) and the International Airport in San Juan (SJU) is the only major commercial airport within the U.S. operated by a private company. Notably, this has improved the quality of service for consumers and travelers while reducing liabilities for taxpayers.

OUR ASK:

We encourage the Ways & Means Committee to move forward with an ambitious infrastructure initiative to ensure our Nation's infrastructure is the best in the world and designed to foster economic growth and a competitive edge for American workers and business in the global marketplace.

We ask to ensure that Puerto Rico can fully participate in the menu of initiatives that emerge from your Committee's work. Frankly, in the past, Puerto Rico is sometimes overlooked for inclusion in programs enacted by Congress.

We note that as Puerto Rico continues to recover from its worst natural disaster in 500 years, that FEMA by law can only invest in returning infrastructure to its pre-hurricane condition. In the case of Puerto Rico that preexisting condition was substandard. Puerto Rico needs not only to build back, but to build better and assure the residents that their infrastructure will have the resiliency to withstand future hurricanes. Inclusion in the Committee's legislative product will be key to this effort.



We welcome the opportunity to work with you to ensure every part of the USA is included in your Committee's final legislative product.

Thank you for the opportunity to share our statement today. We look forward to working you.

Rodrigo Masses

CONTACT INFORMATION:

Mr. Rodrigo Masses

President, Puerto Rico Manufacturers Association

PO Box 195477

San Juan, PR 00919

Web: <http://industrialespr.org/>

E Mail- rodrigomasses@gmail.com

Tel: (787) 641-4455